

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY Caption in Compliance with D.N.J. LBR 9004-2(c)	
CONNELL FOLEY LLP Joao F. Magalhaes, Esq. (NJ Bar No. 004802008) One Newark Center 1085 Raymond Boulevard, 19 th Floor Newark, NJ 07102 973-436-5800 <i>Counsel to Claimant John W. Van Tubergen Jr., Creditor of BlockFi Lending LLC</i>	
In re: BLOCKFI INC., <i>et al.</i> , ¹ Debtors.	

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**ORDER GRANTING CLAIMANT JOHN W. VAN TUBERGEN JR.'S
MOTION PURSUANT TO FED. R. BANKR. P. 3008, 8002(b), 8007(a), 9023 AND 9024
TO ALTER AND AMEND THE DECISION AND ORDER SUSTAINING THE
WIND-DOWN DEBTORS' OBJECTION TO CLAIM NO. 7233**

The relief set forth on the following pages, numbered two (2) through three (3), is hereby
ORDERED.

¹ Claimant's proof of claim number 7233 is associated with the bankruptcy estate of BlockFi Lending LLC, Bankr. D.N.J. Case No. 22-19365.

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Debtors: BlockFi Inc., *et al.*
Main Case No.: 22-19361 (MBK) (Jointly Administered)
Caption of Order: Order Granting Claimant's Motion Pursuant to Fed. R. Bankr. P. 3008, 8002(b), 8007(a), 9023 and 9024 to Alter and Amend the Decision and Order Sustaining the Wind-Down Debtors' Objection to Claim No. 7233

THIS MATTER having been presented to the Court by claimant John W. Van Tubergen Jr. ("Claimant"), creditor of BlockFi Lending LLC, by way of Claimant's *Motion Pursuant to Fed. R. Bankr. P. 3008, 8002(b), 8007(a), 9023 and 9024 to (A) Alter and Amend the Decision and Order Sustaining the Wind-Down Debtors' Objection to Claim No. 7233; and (B) Alternatively, Seek Relief From Such Order*, together with such other and further relief as the Court deems just (the "Motion"); with due and adequate notice of the Motion having been provided; and the Court having considered the submissions filed by Claimant in support of the Motion, and opposition thereto, if any; and for other good cause having been shown;

IT IS HEREBY ORDERED as follows:

1. The Motion is hereby granted in principal part as to the relief requested in Parts II, III, and IV of the *Memorandum of Law* in support of the Motion.
2. Pursuant to the legal authority and principles of equity cited in support of the Motion, the Court's *Memorandum Decision* of February 8, 2024, is hereby amended to reflected as follows:
 - a) the Gemini² pricing data presented by Claimant is hereby accepted and deemed authoritative in this contested matter;
 - b) only Claimant proved a valuation method capable of supporting accurate and verifiable findings as to LTV calculations;
 - c) BlockFi Lending violated Michigan law, specifically MCL 440.1304 and the implied covenant of good faith and fair dealing, by engaging in bad faith, employing unreasonable commercial standards, and exercising unreasonable business practices;

² Any terms that are capitalized but not defined herein shall have the meanings ascribed to such terms by either the Decision or Claimant's submissions.

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- d) pursuant to Michigan law, specifically MCL 440.2302(1) and common law safeguards against unconscionable business practices, the Court shall refrain from enforcing language of the LSAs, including but not limited to Section 7 thereof ("Valuation; Additional Collateral") which could be read to bestow unilateral power upon BlockFi to determine market value of collateral, and therefore result in unjust outcomes;
 - e) Claimant reasonably relied on representations made by BlockFi Lending's agents, including as to Loan No. 558207a5 being safe against liquidation on the morning of May, 20, 2021, and as to the volume of cryptocurrency to be sold upon the happening of a liquidation event;
 - f) BlockFi's Exhibit J is excluded for lack of a proper foundation;
 - g) BlockFi has not shown that it provided contractually-required notice under the LSAs prior to proceeding with liquidations of the Collateral;
 - h) BlockFi failed to provide the required 72-hour period prior to liquidating Loan No. 558207a5; and
 - i) collateral posted by Claimant in connection with Loan No. 558207a5 was wrongfully liquidated, as admitted by BlockFi through the circumstances surrounding Loan No. 1a118e43.
3. Pursuant to the legal authority and principles of equity cited in support of the Motion, the Court's *Order Granting Wind-Down Debtors' Seventh Omnibus Objection to Claim No. 7233 Filed by John W. Van Tubergen Jr.* of February 8, 2024, is hereby altered as follows:
- a) the Debtors' *Seventh Omnibus Objection*, as it pertains to the Claim, is now hereby OVERRULED;
 - b) Claimant's claim number 7233, as associated with the bankruptcy estate of BlockFi Lending LLC, Bankr. D.N.J. Case No. 22-19365 (the "Claim"), is now hereby deemed ALLOWED in the amount of \$_____.
4. This Order shall be deemed served on all parties entitled to notice and due process in connection herewith by virtue of its being posted on the Court's electronic docket.